



May 10, 2002

EX PARTE

Dorothy Attwood  
Chief, Wireline Competition Bureau  
Federal Communications Commission  
442 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

Thomas Sugrue  
Chief, Wireless Telecommunications Bureau  
Federal Communications Commission  
442 12<sup>th</sup> Street, S.W.  
Washington, DC 20554

**Re: In the Matter of Sprint PCS and AT&T Petitions for Declaratory Ruling  
on CMRS Access Charge Issues, WT Docket No. 01-316**

Dear Ms. Attwood and Mr. Sugrue:

The Competitive Telecommunications Association ("CompTel") and its undersigned members write to express our concern over the position taken in the above-referenced proceeding by Sprint PCS, Verizon Wireless, and other wireless carriers. According to these carriers, CMRS providers are free to impose switched access charges on interexchange carriers.<sup>1</sup> The imposition of such charges would represent a sea change in a long-standing industry practice, with significant financial consequences for IXC's. For more than 20 years, IXC's and CMRS providers have exchanged traffic on a bill-and-keep basis, as each carrier has recovered its costs directly from its subscribers. We urge the Commission to support this stable and mutually beneficial approach by acknowledging that existing rules do not allow CMRS providers to impose access charges on IXC's.

There can be no serious argument that access charges are needed to promote wireless competition. The Commission has repeatedly recognized that wireless markets

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<sup>1</sup> See, e.g., Ex Parte Presentation of Verizon Wireless (filed April 5, 2002), WT Docket No. 01-316. CompTel is concerned about the imposition of both originating 800 access and terminating interLATA switched access charges by CMRS providers on IXC's.

are quite competitive.<sup>2</sup> Meanwhile, the introduction of these charges would have a significant, negative effect on IXC's, *who are already paying switched access charges to another carrier for delivery to the Sprint PCS POP*. Indeed, it is estimated that these charges could amount to *additional* costs of more than \$800 million annually for the IXC industry.<sup>3</sup> If the CMRS market is truly competitive, it is hard to understand what benefit Sprint PCS would receive if *all* CMRS providers are allowed to impose these additional access charges on IXC's. CMRS providers would gain no net revenue from these charges; rather, the incremental revenue would be rapidly passed through to consumers through competitive pricing. It is only because Sprint PCS, acting alone, has sought to exploit what it perceived to be a regulatory loophole, that Sprint PCS seeks the Commission's *nunc pro tunc* authorization for this one-time-only anticipated windfall.

Thus, the access charges for which the wireless carriers seek the Commission's license to levy, are nothing more than wealth transfers from interexchange customers to wireless customers. If the Commission allows these charges it will certainly harm interexchange carriers while providing no benefit to CMRS providers. In fact, if anything, adding a further layer of artificial costs is more likely to ultimately harm the CMRS proposition. The Commission's own economists have previously stated, "competition operates more effectively when carriers recover their costs from their own end users, who can choose among competing carriers, rather than from interconnecting networks for whom the terminating carrier is a *de facto* monopolist."<sup>4</sup> Finally, CompTel, urges the Commission to support longstanding industry practice and to encourage competition in all markets by declaring that its existing rules do not permit CMRS providers to impose access charges on IXC's.

Sincerely,



Larry Barnes  
Director, Regulatory Affairs  
Broadwing, Inc.



Jonathan Lee  
Vice President, Regulatory Affairs  
CompTel



Nanette Edwards  
Regulatory Affairs Manager  
ITC^Deltacom



John Fitzpatrick  
Executive Director Government &  
Regulatory Affairs  
Touch America

<sup>2</sup> See, e.g., Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with respect to Commercial Mobile Services, Sixth Report, FCC 01-192 (released July 17, 2001).

<sup>3</sup> See WorldCom Comments at 10 (filed November 30, 2001).

<sup>4</sup> "Bill and Keep at the Central Office as the Efficient Interconnection Regime," Patrick DeGraba, Deputy Chief Economist, Federal Communications Commission, OPP Working Paper No. 33 (December 2000), ¶



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